

**The Weather**  
Probably showers to-  
day; tomorrow, fair.  
Details on page 8.

## FRANCE AGREES ON HUGE DROP IN REPARATIONS

**Cabinet Votes to Accept  
Forty Billion Gold  
Marks.**

**POINCARÉ TO GIVE  
DECISION TO ALLIES**

**Reduction Granted in  
Hope of Making Interna-  
tional Loans Possible.**

PARIS, July 27.—Final and unanimous decision on the French policy on German reparations was reached today at a council of all the cabinet ministers at "Rambouillet." President Millerand's country residence, after both morning and afternoon sessions.

The main points of the decision are as follows:  
France admits that for a reasonable period Germany is incapable of meeting the reparations payments expected by the allies.

A total sum of 40,000,000,000 gold marks is judged reasonable and within the capacity of Germany to pay for devastation of allied countries.

**Satisfied With Amount.**

France will be satisfied with that amount provided that the reduction serves to make international loans possible and if her priority claims growing out of the heavy advances already made to victims of the devastation, pending reimbursement from Germany, are recognized by the other allies.

In line with the foregoing plan, France stands ready to grant a new moratorium to Germany even on the payment of 50,000,000 gold marks due on August 15. If Germany is not willing to submit new security and guarantees in the shape of temporary allied control of all German customs and all state properties as a first mortgage, then France has other plans.

**Will Propose Program.**

At the conference next week in London Premier Poincaré will propose the new French program and offer France's collaboration along its lines. If the question of allied debts can be discussed at London, France will propose the application to such debts not only of the "C" bonds totaling \$2,000,000,000 of gold marks, but also the 10,000,000,000 of "D" bonds, which would leave 40,000,000,000 as Germany's remaining obligation to be wholly allocated to repair the war's devastated areas.

If the allies, especially England and Belgium, agree to France's plan, she feels there will be no necessity for the occupation of further German territory as a guarantee of payment. But if the allies can do no agreement with the allies on this basis, France stands ready to go on her way alone and occupy territory.

**Must Be Explained Soon.**

At today's cabinet meeting, which lasted five hours, and at which each minister was given full opportunity to express his views, it was decided that the new French policy must be explained to other allies as soon as possible, and to this end a general London conference of the allies was agreed on by Premier Lloyd George during the first few days of August.

It is demanded that the whole reparations problem must be settled in principle before August 15, when the next German payment falls due.

**Obligations Reduced.**

Once adopted, the French plan means that Germany's obligation to pay 132,000,000,000 gold marks will be reduced to an obligation to pay 40,000,000,000 for the devastated areas as a political debt, the remainder to be settled with the creditors of France—first England, and eventually the United States, if Washington is willing to accept German bonds as payment of the French debt.

France would receive perhaps no more than she has spent already repaying her own devastated regions, but the policy of the cabinet is toward a sacrifice of long-time German obligations in favor of quicker payments, which are now desperately needed.

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**Allies Refuse Moratorium  
On German Private Debts**

PARIS, July 27.—The allies today refused Germany's request for a cash moratorium for the payment of private debts owed to allied nationals before the war by German nationals, which the German government assumed in the peace treaty. The Germans requested this moratorium several days after their demand for a moratorium on cash reparations payments, the same reason in both cases being Germany's inability to purchase foreign currencies since the mark was devalued.

American creditors have been excluded from payments in addition to America being excluded from sharing in reparations. America was permitted, under the British treaty, to set up a clearing house, and to handle American claims, but the time limit for this has expired.

**Move Favors Polish Soldiers.**

A resolution designed to permit aliens who were recruited by the United States for the Polish army to return to this country, regardless of immigration quota restrictions, was introduced in the Senate yesterday by Senator McCormick of Illinois. It was referred to the committee on immi-

## Miss Gorman Not to Compete With Beauties

**Will Enter Only National  
Lists, Leaving Local  
Field Alone.**

Miss Margaret Gorman will not enter the competition to decide this year's "Miss Washington." In a letter to Thomas F. Endicott, director general of the Atlantic City pageant committee, Miss Gorman yesterday accepted his invitation to spend a week there and to enter the national beauty competition instead, as the winner of the 1921 golden mermaid for America's most beautiful girl.

Miss Gorman, the 1921 "Miss Washington," gracefully declined to become a candidate for the District honors this year, after a conference with representatives of The Herald and the National Pictorial News.

**Writes Director General.**

"I want to do just what is most fair to everybody," she said simply. "My success last year was a complete surprise, and I am sure I would not be chosen again this year. For fear that some might think so, however, I prefer to keep out of the District competition."

She wrote the following letter to Endicott yesterday:  
"My dear Mr. Endicott—I deeply appreciate the honor and confidence extended me by the Atlantic City pageant committee in asking me to be the guest of the city for one week."

**Continued on Page Two.**

## RECOGNITION OF 3 BALTIC STATES IS ANNOUNCED BY U.S.

**Relations Established  
With Estonia, Latvia  
And Lithuania.**

Three Baltic "buffer states"—Estonia, Latvia, and Lithuania—all bordering on Russia, have been recognized formally by the United States government.

Evan E. Young, who has been American commissioner in the three countries, will continue at his post with the rank of minister.

Because these countries, formerly a part of the old Russian monarchy, broke away from the Russian empire and set up governments of their own, the action in recognizing them might seem to be a departure from this government's attitude against alienation of Russian territory.

But the State Department's announcement in the State Department's announcement of the recognition that this was not the case.

**Seek Pacts With Neighbors.**

"The governments of Estonia, Latvia, and Lithuania, said Secretary Hughes, have been recognized either de jure or de facto by the principal governments of Europe and have entered into treaty relations with their neighbors."

"In extending to them recognition on its part, the United States takes cognizance of the actual existence of these governments during a considerable period of time and of the successful maintenance within their borders of political and economic stability."

"The United States has consistently maintained that the disturbed condition of Russian affairs may not be made the occasion for the alienation of Russian territory, and this principle is not deemed to be infringed by the recognition at this time of the governments of Estonia, Latvia, and Lithuania, which have been set up and maintained by an indigenous population."

**Albania Also Recognized.**

It was explained that were any or all of these countries later to return to the fold of Russia, the present recognition would not mean any withdrawal of the United States from its position in the Balkans. It was insisted that the recognition was of no significance in so far as the American attitude toward Russia was concerned. While the governments of the Baltic states are anti-Bolshevik, they have friendly relations and trade dealings with Russia.

Secretary Hughes announced also that the government had formally recognized the government of Albania, taking cognizance of the stable government set up and maintained by this country in friendly relations with its neighbors and already recognized by the principal powers of Europe.

Maxwell Blake will continue to act as commissioner of the United States in Albania, with the rank of minister.

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## Giant U.S. Airship Circles New York

**C-2 Returning to Capital in  
First All-Night Trip  
Ever Attempted.**

NEW YORK, July 28.—(12:35 a. m. Friday)—The army dirigible C-2, in its experimental all-night, non-stop flight from Washington over this city and return, was seen over Governors Island.

Score of searchlights picked out the huge craft as it sailed over the city on its return trip at a height of about 250 feet.

The craft is commanded by Capt. William E. Ketter. Aboard are Maj. J. H. Pirrie, commander of the Air Service troops at Aberdeen, Md., and a number of newspaper correspondents.

The ship left Bolling Field, Washington, shortly before 5 o'clock yesterday afternoon, and will return to the starting point at dawn today. The course taken included flying over Baltimore, Philadelphia and the Jersey City amphitheater, where the Leonard-Tendler lightweight championship boxing bout was held.

## Aren't the New Developments in Surgery Wonderful?—By Darling



## SECRETARY HUGHES ASKS ENGLAND FOR SHIP SEARCH PACT

**Treaty Designed to End  
Rum-Running From  
Bahamas.**

An "unlawful cargo" treaty has been proposed by the United States to Great Britain, designed, through reciprocal agreements to curtail the "running" of rum or other illegal cargoes by the vessels of both countries. It can be made with Great Britain, it is probable that similar treaties will be sought with other countries.

The plan proposed by Secretary Hughes to the British government, which was learned officially, provides: 1. That stricter regulations be imposed on issuance of clearance papers to ships.

**Gives Right to Search.**  
2. That the right of search be given each power, to be exercised within given limited zones, where there is suspicion of illegal cargo being in transit.

Under present slack clearance paper regulations, it is possible for a ship, it was explained, to get two sets of papers. One of these for example, would call for a cargo of rum from the Bahamas to Halifax. The other would show the ship entering a port in ballast prepared to take on a cargo for some other port.

A ship having both sets is able to show one or the other according to its immediate needs and successfully evade the law.

**May Visit British Ships.**  
Such a provision would enable American officers, for example, to visit British ships suspected of rum running and force them to leave the limits of the zones. It would enable British officers to visit American ships suspected, for example, of carrying arms to Ireland, and compel them to leave similar zones.

The limits of the zones, as proposed by Hughes, are said to be 12 miles. Senator Sterling, however, has a measure backed by the American State Department for search and seizure of British ships suspected of rum-running, it is learned authoritatively.

Officials are firm in their belief that such a precedent would lead to dangerous international complications. England will co-operate with American prohibition enforcement officials in other directions, it is said.

## FOREST FIRE SMOKE CAUSES SHIP CRASH

SEATTLE, Wash., June 27.—Sixty passengers from the Puget Sound steamer, Callisto, which was sunk in a collision today with the Japanese steamer, Hawaii Maru, are being brought here aboard the Hawaii Maru. Radio reports express the belief that there was no loss of life.

The crash is said to have occurred in a heavy cloud of forest fire smoke which engulfed each boat from the other. The Callisto was rammed amidships and sank rapidly. This is the fourth maritime accident to occur in and about Puget Sound due to forest fire smoke within the past two weeks.

## REBELS BLAST RWAY FROM JAIL

**Hundreds of Dundalk  
Windows Broken When  
105 Sinn Feiners Flee.**

BELFAST, July 27.—A party of 105 irregulars today escaped from the Dundalk jail when a hole was blown in a wall by a powerful mine. The town was shaken and hundreds of windows were broken. In sharp fighting which ensued the Republican leader was captured.

During an ambush Commandant Mason and a number of Free Staters were wounded.

## COMMISSION PLANS \$1,200,000 ESTIMATE FOR STREET PAVING

**\$400,000 Greater Than Ap-  
propriation Asked  
Last Year.**

The District Commissioners are preparing to ask for an appropriation of \$1,200,000 for street improvements, including new paving and resurfacing, for the next fiscal year. It was learned yesterday. The amount is \$400,000 greater than that asked last year.

Under the slashing hand of the Budget Bureau, last year's estimate of \$800,000 was cut to approximately \$800,000. This last figure then received a second slash by Congress, reducing it in a final appropriation of but \$223,500.

**Not Discouraging Order.**  
District officials insist that the sum asked does not indicate that the District government is disobeying the national government's order for strict economy. They point out that the streets they are asking to have paved represent urgent needs and that it is the highest economy to care for them as soon as possible.

Under the direction of Maj. F. S. Benson, assistant to the engineer commissioner, the street department has prepared a street program extending over a period of four years, which, if followed, will result in a street system commensurate with the increasing population and growing property value.

**New Paving Needs.**  
On January of this year there was an estimated need of 710,000 square yards. Adding to this sum \$35,000 square yards expected to be needed before 1927, it is estimated that a total of 1,535,000 square yards must be provided for.

Figuring on this basis, the city must have an appropriation during

## NORTHCLIFFE HAS ONE CHANCE IN TEN

LONDON, July 27.—Lord Northcliffe, the British publisher, has about one chance of ten to recover, according to those familiar with his condition.

Early this week the stricken publisher sank so low that his death was expected momentarily. There has been a slight improvement since, but it is feared this is only temporary.

## LEONARD RETAINS TITLE IN HARDEST FIGHT OF CAREER

**Bout Goes Limit, Champ  
Getting Popular Deci-  
sion—75,000 Present.**

NEW YORK, July 27.—All morning New York papers agree that Leonard was the victor in his twelve-round battle with Lew Tendler in Jersey City tonight, on the basis of points.

RICKARD'S ARENA, Jersey City, July 27.—Benny Leonard is still lightweight champion of the world, but after the toughest fight in his long career, Lew Tendler, the Philadelphia southerner, fought him from bell to bell in their twelve-round battle at Boyle's Thirty Acres before a crowd estimated at 75,000 men and women.

The gang was kept on its toes constantly, yelling and cheering as the champion and his most dangerous challenger slugged, sparred and endeavored to talk or slug each other out of the lightweight throne.

The first five rounds were practically all Tendler. Two of these could have been called even, by a little show of charity toward Benny. Tendler ripped open Leonard's right eye, smashed out a tooth squarely in the middle of his mouth, and banged him about the ring generally.

**Benny Opens in Sixth.**  
Then Benny began to get the range. From the sixth round it was all Leonard, except for a period in the eighth, when Lew caught Benny with a fast, wicked left to the jaw and caused his knees to sag under him. Benny held on. Tendler flayed him in the kidneys, but could not shake off the champion or disturb the cool line of Leonard thought sufficiently to do

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## CHICAGO DOOMED TODAY, SAYS SEER

CHICAGO, July 27.—At 3 o'clock tomorrow morning, a great storm will break in all its fury over Chicago. This is God's manifestation of his displeasure at the great labor disturbances now crippling Illinois."

This fearsome warning was issued by Will C. Baugh, of Hastings, Neb., spiritualist extraordinary, now visiting Chicago. Baugh went on to explain that this would be the greatest storm in the history of America; that the loss of life would be appalling and that property worth billions would be destroyed. He said his advice indicated the Loop, or downtown business district would be the center of destruction.

Notwithstanding this dire prediction, Chicago went on its way as usual, eating, drinking, sleeping and attending to its various duties.

## BAVARIAN REVOLT HELD UNJUSTIFIED

BERLIN, July 27.—At a cabinet meeting today a statement was drawn up declaring that the Bavarian action in refusing to consent to the operation of the defense of the Republic law was unauthorized and was contrary to the Weimar constitution. Bavaria will be asked to withdraw its objections to the law.

## PEACE OR TRUCE IN RAILROAD STRIKE BELIEVED NEAR AS HARDING CONFERS WITH CHEFTANS OF BOTH FACTIONS

## KING CONSTANTINE PLANS TO SEIZE CONSTANTINOPLE

**British Fleet Concentrates at Bosphorus to  
Frustrate Greek Coup.**

PARIS, July 27.—A coup on the part of King Constantine against Constantinople, which will deliver the city into his hands, is acutely feared by France.

The concentration of the entire British Mediterranean fleet at Bosphorus in the past few days is intended to ward off Greece to keep hands off Constantinople, but the imminent withdrawal of Greek troops from Asia Minor will force King Constantine to create an outstanding diversion to save the throne.

The French government has learned that Greek troops are being thrown into Thrace in large numbers in preparations for a coup. The allied diplomatic corps in Athens has warned the Greek government of the folly of the idea.

Constantinople is guarded now by more than 10,000 allied troops, in addition to the British fleet, and the allies can easily throw back the Greeks by force of arms. France and Italy bitterly oppose the Greek action, and England does also to a lesser extent.

Advisors of King Constantine believe the seizure of the city will rally all factions in Greece, and for this use there are 250,000 Greek troops ready to be withdrawn from Asia.

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## Fight on Strikes Attributed To Imminent Business Boom

**Government's Demand for Industrial Peace  
Laid to Approach of Prosperous  
Times in America.**

Government insistence that the nation is rapidly approaching a stage where domestic needs will bring about a great business boom, which must be adequately handled, constitutes the controlling influence toward settlement of the mine and coal strikes.

To meet this promised demand manufacturing plants and industries of all kinds must be kept running. To be kept running they must have coal.

Given coal and a manufacturing output to meet orders, those orders must be shipped. To ship them would require maximum railway facilities in good order.

Every day the rail strike continues, additional cars are "going bad," and this situation, according to rail officials themselves, already has reached the point where, if the business revival started on a gigantic scale soon, the railroads would be hopelessly tied up through lack of adequate facilities to handle the business.

**Assure Prosperity.**  
Administration officials have assured prosperous times. "Boom demands, with neither production nor transportation possible to satisfy them would bring down the wrath of the public generally. That wrath,

## GOVERNOR TO OPEN J.L. LEWIS PREDICTS INDIANA MINES IF INTERSTATE JOINT STRIKE CONTINUES COAL PARLEY SOON

**Promises to Furnish Coal  
For Homes and Industrial  
Plants.**

INDIANAPOLIS, July 27.—Gov. Warren McCray will open at least one Indiana mine within five days unless the coal strike is settled within that time, he declared today.

"I have concluded without entering into the merits of the controversy and acting wholly for the interest of the general public that if the strike is not determined within five days from this date, I will take over one or more mines and supply the people of Indiana, which is most essential to the comfort and happiness of our people as well as for the operation of our business enterprises which insures the employment of labor," he said.

The governor said he believed the Indiana coal operators would enter a four-State conference with the miners for a settlement in the central competitive district.

This statement was denied by Alfred M. Ogilvie, president of the National Coal Association. The governor's office, however, said that the chief executive had not been designated by the State operators' association but with individual operators.

**Insist on State Facts.**  
CHICAGO, July 27.—Illinois and Indiana coal operators—both essential to a four-State agreement and settlement of the coal strike—declared today that they will consider State agreements only and would not be parties to a general conference which John L. Lewis, president of the miners, declares is imminent.

"We will consider a State agreement only," said Phil Penna, secretary-treasurer of the Indiana operators.

## SAILORS ON LAKES THREATEN STRIKE

CHICAGO, July 27.—A strike resolution on the part of sailors engaged in the operation of freight boats on the Great Lakes was passed by a vote of 94 per cent, according to H. D. Nolan, general secretary, tonight. Passenger boats are not affected.

At least 150 boats carrying iron ore, and grain are controlled by the United States Steel Corporation, Nolan declares.

Failure of the carriers to grant an 8-hour day, wages reduced three times since May 1921, are the grievances cited.

## Two Cartoonists Darling and Briggs unrivalled, draw daily in The Herald.

## SECRECY PREVAILS

**Rail Executives to Meet  
Tuesday to Discuss  
President's Plans.**

## SENIORITY STILL STUMBLING BLOCK

**Governors of States Agree  
To Co-Operate With  
Sec'y Hoover.**

Peace or a truce in the rail strike was believed to be close at hand following a day of conferences, extending far into the night at the White House between President Harding and representatives of the warring factions.

Although the utmost secrecy prevailed during yesterday's conferences and the statements at the close were noncommittal, there is growing belief that the end of the strike is not far off. In some optimistic quarters the impression prevailed that an order would go to the striking shopmen today to return to work. B. M. Jewell last night declared, however, that he had no intention of issuing such an order.

The attitude of the executives, it was understood, was unchanged concerning the seniority rule, the chief obstacle to peace, notwithstanding pressure brought to bear by the President to induce them to abandon this stand.

**Conference Began Early.**  
The basis of an armistice, therefore, has about narrowed down to this: That the striking shopmen return to work with the assurance that the Railroad Labor Board will grant them a rehearing of their grievances and assume jurisdiction of the much-disputed seniority question. It was pointed out that this plan might be followed without the acquiescence of the railway executives. The men would return to work, taking their old places, under the seniority rule, were denied them, they could carry the dispute to the Labor Board, which would then proceed to deal with the seniority question.

President Harding began his conference early yesterday morning, beginning with T. DeWitt Cuyler, president of the American Association of Railway Executives. After Mr. Cuyler had spent three hours with the President, Mr. Cuyler returned to the White House later in the evening.

**Will Call Executives.**  
After conferring with the President more than two hours last night, Cuyler emerged from the White House and announced that he would call a meeting of the railroad executives in New York next Tuesday to lay President Harding's proposition before them.

Cuyler denied that the President had asked the executives to record from their position concerning the seniority rule. He stated that no definite program would be laid before the conference of the executives and explained that the purpose of the meeting would be to talk over Mr. Harding's views, which, he added, he was "not at liberty to discuss at this time."

**Events of Parley Kept Secret.**  
Only the most noncommittal statements were given out by the shopmen after the conferences and nothing was forthcoming from the White House.

Jewell made this statement: "Our conference this afternoon was a continuation of our conference this morning, at which we continued our statements of our views of the situation. There can be no statement now as to what has been said at the conference."

Cuyler made a similar statement, merely saying that he had presented the viewpoint of the executives. Both Cuyler and Jewell stated they would remain in Washington to await developments.

Immediately upon their arrival from Chicago and before going to the White House the strike leaders had a conference with William H. Johnston, president of the International Association of Machinists.

**Johnston at White House.**  
Mr. Johnston then went with them to the White House. The others who accompanied them were Timothy Healey, president of the free-men's organization; J. W. Kline, president of the blacksmiths; J. A. Franklin, president of the boiler-makers; M. F. Ryan, president of

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## PROTESTS ARREST OF BRITISH SEAMEN

SAVANNAH, Ga., July 27.—British Vice Consul Roach here sent to Federal officers today a protest against the arrest of several English sailors, charged with violating the prohibition laws.

The men were arrested aboard the steamship Brazilia about midnight Tuesday.

British authorities claim the men were on English soil and not within the jurisdiction of United States officers.

United States Commissioner Richter has held the men for the Federal Court.